

Controller *John Chiang*

California State Controller's Office



Winter 2012 Newsletter Unclaimed Property Program

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Regulatory Changes: New Universal Holder Face Sheet (UFS-1) and Updated Instructions for Authorization Agreement for Electronic Funds Transfer (EFT-1)

The State Controller's Office (SCO) has updated the Universal Holder Face Sheet (UFS-1) (Rev. 05/12). The new UFS-1 form incorporates several changes that make report processing more efficient.

Please note the following *additions* to the UFS-1:

- Supplemental Notice Report Checkbox (located in the upper left corner of UFS-1)
Do not include accounts on the Holder Remit Report that were not identified on the original Holder Notice Report. Any new properties identified must be reported on a separate Supplemental Holder Notice Report.
- Report ID Number for Holder Remit Report Only (located in the upper right corner of UFS-1)
The report ID number is provided on the Holder Remit Reminder Letter (14F) form and can be found on the upper right hand corner of the letter.
- Section E - Holder CEO/CFO
- Section I - Transfer Agent (if applicable)

In addition, the Authorization Agreement for Electronic Funds Transfer (EFT-1) instructions have been updated and are included with the form. Holders can also find the updated instructions starting on page 59 of the Holder Handbook.

Reporting instructions, forms, and the Holder Handbook can be found on our website at http://www.sco.ca.gov/upd_form_rptg.html. The updated regulations can be found at http://www.sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf. If you have any questions regarding these changes, please contact the Reporting Unit at (916) 464-6284.

Did You Discover Additional Properties?

If you discover additional dormant properties after submitting your 2012 Holder Notice Report, you must prepare a separate *Supplemental* Holder Notice Report. Please do not add these properties to your 2012 Holder Remit Report. California law requires that before unclaimed property can be transferred to the state, the SCO must send a notice to the owner giving them the opportunity to claim their property directly from the holder.

The Supplemental Holder Notice Report should only contain new records. When filing your report, check the "Supplemental Notice Report" box on the UFS-1 and write "SUPPLEMENTAL" on the CD/diskette. Also remember to include the holder's name, federal

employer identification number, report year, "As of" date and dollar amount of the report on the CD/diskette. You will be notified in writing of the date to submit the Holder Remit Report corresponding to your *Supplemental* Holder Notice Report.

Please note that per Code of Civil Procedure (CCP) section 1577, interest is payable to the State Controller's Office (SCO) at the rate of 12 percent per annum on the property or value thereof from the date the property should have been reported, paid or delivered. If you have additional questions, please contact the Reporting Unit at (916) 464-6284.

The State Controller's Office Performs Due Diligence

Now that holders have submitted their 2012 Holder Notice Reports, the SCO will mail due diligence notices to the reported owners of unclaimed property. These notices will be mailed within 165 days of receiving the Holder Notice Report and will instruct property owners, with property values of \$50 or more, to contact the holder to claim their unclaimed property before it escheats to the SCO. If the property owner contacts the holder before the required Holder Remit Report due date of June 1 (December 1 for life insurance companies), the property is no longer considered dormant. Once contact has been made, the holder will pay the property directly to the property owner and will not report or remit the property with the Holder Remit Report. If you have additional questions, please contact the Reporting Unit at (916) 464-6284.



Are You Remitting Securities Correctly?

Did you know that California's Unclaimed Property Law requires holders to deliver securities to the State Controller's Office either in certificate or via electronic transfer to an account with the Controller's contracted broker?

It's true. CCP section 1532(e) states:

"Payment of any intangible property to the Controller shall be made at the office of the Controller in Sacramento or at another location as the Controller by regulation may designate. Except as otherwise agreed by the Controller and the holder, tangible personal property shall be delivered to the Controller at the place where it is held".

In addition, California Code of Regulations Title 2, Division 2, Chapter 2, Subchapter 8, Article 4.5, Section 1172.20, further states, in part, that for securities not remitted in certificate form and for open-end mutual fund securities, the delivery date is the date the asset is credited to the account number of the State Controller, State of California maintained by our contracted broker.

The California law and regulation sections noted above make it clear that uncertificated and open-end mutual fund securities must be delivered and credited to the Controller's account with Wells Fargo Advisors, the Controller's contracted broker, before the security is considered successfully delivered to the State of California. Maintaining securities in a book account, held by a broker or mutual fund company in the Controller's name, is not sufficient for the securities to be considered remitted to the State.

How should the securities be sent? The Controller recommends electronic transfer through the Depository Trust Company as the most efficient method for delivering unclaimed securities.

What if the security is nontransferable? Nontransferable security issues may be put into an account in the name of the State Controller, but only after the security issue has been verified by the Controller's contracted broker. Monthly/Quarterly statements for nontransferable securities held in a holding account must be mailed to the Controller's Office.

What happens if transferrable securities are not remitted to the Controller's contracted broker?

Holders may be assessed interest at a rate of 12 percent per annum. It is the holder's responsibility to remit securities in accordance with California's requirements. Failure to remit securities to the Controller's contracted broker may result in interest assessments as directed by CCP section 1577 for late securities remittances. This section states, in part, "...any person who fails to...deliver unclaimed property within the time prescribed by this chapter, unless that failure is due to reasonable cause, shall pay to the Controller interest at the rate of 12 percent per annum on that property or value thereof from the date the property should have been...delivered."

Although in the past you may not have been assessed interest for holding transferrable securities outside of the Controller's contracted broker, beginning in 2013 interest may be assessed if the securities are not transferred as required by California law.

How can I transfer securities that should have already been transferred to the Controller's contracted broker to avoid penalty? Act now and transfer these securities immediately. If you need assistance or have questions, please contact the Controller's Unclaimed Property Securities Management unit at 916-464-7123 or Tim Johnson at Wells Fargo Advisors at 916-491-6361 to obtain additional information. Additionally, holder guidelines and complete instructions for remitting unclaimed securities property are available at www.sco.ca.gov in the Reporting Unclaimed Property section, under the Unclaimed Property Holder Handbook link.

Look Out for Holder Remit Reminder Letters

The SCO sends out Holder Remit Reminder Letters (14F) to all holders once Holder Notice Reports and Supplemental Notice Reports are processed. This letter must be signed and returned with the Holder Remit Report. It is imperative that holders read the entire letter, as it contains important information for properly submitting the Holder Remit Report. Listed below are topics that are covered in the Holder Reminder Letter:

- Holder Remit Report due date and your Report ID Number
- Handling properties on the Holder Notice Report that are no longer dormant
- New properties identified that are not included on the Holder Notice Report
- Electronic Funds Transfer (EFT) instructions
- Transfer of securities
- Required forms for submitting a Holder Remit Report

Please remember, holders are responsible for responding to all owner claims received prior to May 31 (November 30 for life insurance companies). If you have additional questions, please contact the Reporting Unit at (916) 464-6284.

**California State Controller's Office
Unclaimed Property Division
P.O. Box 942850
Sacramento, CA 94250-5873
www.sco.ca.gov**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092
(for CA CCP §1577 inquiries)
1577info@sco.ca.gov

Outreach and Compliance Unit: (916) 464-6088
UPDcompliance@sco.ca.gov

Questions regarding securities: (916) 464-7123
UPDSecRecon@sco.ca.gov

Questions regarding EFT remittance:
UPDSCOEft@sco.ca.gov

We want your input!

Please send us your newsletter comments, ideas, or concerns to: UPDHolderOutreach@sco.ca.gov.

Important Upcoming Dates

Before May 1: Holder Notice Reports due for life insurance companies

June 1—15: Holder Remit Reports Due